

SENATE BILL

No. 15

Introduced by Senator Maldonado

March 16, 2010

An act to amend Section 10214.6 of, to add Section 10214.10 to, and to repeal Section 976.8 of, the Unemployment Insurance Code, relating to employment training, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 15, as introduced, Maldonado. Employment Training Panel: California Jobs Initiative Training Program.

Existing law establishes the Employment Training Panel (ETP) in the Employment Development Department, and prescribes the functions and duties of the ETP with respect to the development, implementation, and administration of various employment training programs in the state.

This bill would require the ETP to establish and administer the California Jobs Initiative Training Program for the purposes of averting job layoffs for incumbent workers, providing new skills to dislocated and underemployed workers, and supporting business expansion in California, and would require the ETP to take all necessary actions to provide for the implementation and administration of the program, as prescribed. The bill would specify that those provisions shall only become operative if specified funding becomes available for the purposes of the program.

Existing law requires the ETP to establish the Partnership for Workforce Recovery Training (PWRT) for the purpose of supporting

and implementing the workforce development goals set forth in the American Recovery and Reinvestment Act of 2009 (ARRA).

This bill would eliminate the requirement that the ETP establish the PWRT, and would instead authorize the ETP to allocate funds for the purpose of supporting and implementing the workforce development goals of any special source of government funding other than the employment training tax, including the ARRA, and the federal Workforce Investment Act of 1998. The bill would authorize the ETP to allocate funds under those provisions for workforce development incentives, except for reimbursement of training and administrative costs, as specified.

Existing law authorizes the ETP to allocate any funds it receives pursuant to the federal Workforce Investment Act of 1998 and the ARRA to support the activities of the PWRT.

This bill would delete that authorization.

Existing law requires specified employers to contribute 0.1% of wages into the Employment Training Fund, to be used for employment training purposes, but exempts from that contribution requirement certain employers who have a negative reserve account balance on the computation date.

This bill would delete that exemption for any employer who has a negative reserve balance on the computation date.

Existing law establishes the Unemployment Compensation Disability Fund as a special fund in the State Treasury, but authorizes the Controller to use moneys in the fund for loans to the General Fund, in accordance with specified requirements, including the payment of interest on all moneys loaned to the General Fund.

This bill would require that the Controller immediately transfer the sum of \$32,000,000 from the Unemployment Compensation Disability Fund to the Employment Training Fund, in accordance with specified requirements, and transfer the additional sum of \$90,000,000 no later than September 1, 2010, to be used for the California Jobs Initiative Training Program, but would specify that the transfer of funds authorized by those provisions are loans, and would require that those funds be repaid with interest in accordance with specified requirements.

The bill would also appropriate the sum of \$500,000,000 from the Employment Training Fund to the ETP to implement the Initiative Training Program, as specified.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) California is experiencing unprecedented job loss and high
4 levels of unemployment. To mitigate this situation, there is a
5 critical need to stimulate the economy and swiftly create and retain
6 jobs. A statewide effort is imperative to provide job training and
7 jobs to unemployed and underemployed workers, and job training
8 associated with business expansion and retention in California.

9 (b) Toward this end, a California Jobs Initiative Training
10 Program should be established to invest \$500 million to train
11 workers and create new jobs in the state. The California Jobs
12 Initiative Training Program should focus on providing job training
13 for displaced workers who possess outdated or low demand skills
14 and training for workers in industries where jobs exist or job
15 growth is anticipated. This training should include training related
16 to green jobs and other key industries in California's economy,
17 such as advanced manufacturing, goods movement, biotechnology,
18 information technology, multimedia, health care, and construction.

19 (c) To foster the training and hiring of unemployed individuals,
20 the California Jobs Initiative Training Program should combine
21 training reimbursement and a hiring incentive payment to
22 employers. Employers that hire unemployed individuals who
23 complete training under this initiative training program should
24 only receive an incentive payment after the newly hired worker is
25 retained on the job for at least nine months.

26 (d) The Employment Training Panel (ETP) has a proven record
27 for implementing a joint business-labor training program that funds
28 training to ensure employers have the skilled workers they need
29 to compete locally and globally. The ETP has successfully provided
30 \$1.2 billion for training over 760,000 workers in 77,000 businesses
31 over nearly three decades, and the ETP's infrastructure successfully
32 serves all categories of individuals targeted in the California Jobs
33 Initiative Training Program.

34 SEC. 2. Section 976.8 of the Unemployment Insurance Code
35 is repealed.

1 ~~976.8.—(a) Section 976.6 does not apply to any employer who~~
2 ~~has a negative reserve account balance on the computation date.~~

3 ~~(b) Subdivision (a) does not apply to an employer assigned the~~
4 ~~maximum rate pursuant to subdivision (c) of Section 977.~~

5 SEC. 3. Section 10214.6 of the Unemployment Insurance Code
6 is amended to read:

7 10214.6. (a) ~~The panel shall establish the Partnership for~~
8 ~~Workforce Recovery Training (PWRT) may allocate funds for the~~
9 purposes of supporting and implementing the workforce
10 development goals set forth in *any law providing a special source*
11 *of governmental funding, other than from employer contributions*
12 *paid pursuant to Section 976.6, including the federal American*
13 *Recovery and Reinvestment Act of 2009 (ARRA) (Public Law*
14 *111-5), and the Workforce Investment Act of 1998 (Public Law*
15 *105-220).* The panel shall develop and publish guidelines for
16 ~~implementing of the PWRT;~~ *these purposes* consistent with, and
17 including adequate fiscal and accounting controls, as prescribed
18 in subdivision ~~(g)~~ (f) of Section 10205. *The panel may enter a*
19 *partnership or other agreement with another governmental entity*
20 *for these purposes.*

21 ~~(b) The panel may allocate any funds it receives pursuant to the~~
22 ~~federal Workforce Investment Act of 1998 (29 U.S.C. Sec. 2801~~
23 ~~et seq.) and the ARRA to support the activities of the PWRT. Any~~
24 ~~funds received by the panel pursuant to this section shall be~~
25 ~~deposited into a separate account established by the department~~
26 ~~in the State Treasury, and used for the purposes of this section.~~

27 ~~(c)~~

28 (b) The panel may adopt any regulations necessary to implement
29 this section, but any regulations so adopted are exempt from the
30 requirements of Chapter 3.5 (commencing with Section 11340) of
31 Part 1 of Division 3 of Title 2 of the Government Code.

32 ~~(d)~~

33 (c) The panel may solicit proposals and enter into contracts or
34 other agreements to secure funding for the purposes of this section,
35 but those proposals, contracts, and agreements shall be exempt
36 from any competitive bidding requirements otherwise prescribed
37 in statute.

38 (d) *The panel may at its sole discretion follow the standards for*
39 *performance-based contracting set forth in this chapter, on a*
40 *selective basis. The panel may allocate funds for workforce*

1 *development incentives, other than reimbursement of training and*
2 *administrative costs, for the purposes of this section.*

3 SEC. 4. Section 10214.10 is added to the Unemployment
4 Insurance Code, to read:

5 10214.10. (a) The panel shall establish and administer the
6 California Jobs Initiative Training Program for the purposes of
7 preventing the layoff of incumbent workers, providing new skills
8 to dislocated and underemployed workers, and supporting business
9 expansion in California. This program shall focus on training for
10 green technology and other key industries in California's economy,
11 consistent with the panel's funding priorities, as prescribed in
12 subdivision (b) of Section 10200. The panel shall take all necessary
13 actions to provide for the implementation and administration of
14 the program.

15 (b) Of the funds available for the program, the panel shall
16 allocate up to two hundred million dollars (\$200,000,000) for
17 employment training purposes, and up to three hundred million
18 dollars (\$300,000,000) to provide for incentive payments for the
19 hiring and retention of trainees who are unemployed at the start
20 of training.

21 (c) The panel shall allocate funds available pursuant to
22 subdivision (b) in a manner that is consistent with and that includes
23 adequate fiscal and accounting controls, as prescribed in
24 subdivision (f) of Section 10205. The panel shall provide for the
25 evaluation and audit of projects funded under the program for this
26 purpose.

27 (d) The panel shall adopt any regulations necessary to implement
28 this section, but any regulations so adopted are exempt from the
29 requirements of Chapter 3.5 (commencing with Section 11340) of
30 Part 1 of Division 3 of Title 2 of the Government Code.

31 (e) The panel may partner with community colleges, workforce
32 investment boards, economic development organizations, including
33 its existing marketing partners, and local or regional workforce
34 and training organizations to recruit trainees and potential hiring
35 employers, and to deliver training and assist in job placement.

36 (f) The panel may solicit proposals and enter into
37 performance-based contracts for the purposes of this section. These
38 proposals and contracts shall be exempt from any competitive
39 bidding requirements otherwise prescribed by law. The panel shall

1 take these actions in a manner consistent with subdivision (c) of
2 Section 10205.

3 (g) For purposes of this section, the following requirements
4 shall apply:

5 (1) Any employer registered to do business in California shall
6 be eligible for the incentives for new hire trainee placement and
7 retention provided pursuant to this section.

8 (2) An employer is not required to demonstrate out-of-state
9 competition, as described in subdivision (a) of Section 10200.

10 (3) Eligible participants may be employed, underemployed, or
11 unemployed at the start of training. For purposes of this section
12 “underemployed” means individuals who are working less than
13 full time, but who seek full-time work.

14 (4) Any employment covered under this section shall provide
15 earnings, upon completion of the applicable retention period, equal
16 to 40 percent of the state average hourly wage for new hire training
17 and 50 percent of the state average hourly wage for retraining.

18 (5) To qualify as a training agency, a postsecondary school shall
19 be certified or approved by an entity that satisfies the panel’s
20 standards, as may be established by the panel on a case-by-case
21 basis.

22 (h) The panel shall comply with the payment, placement, and
23 retention requirements set forth in subdivisions (e) and (f) of
24 Section 10209, with the exception of the following:

25 (1) For all trainees, final payments to reimburse the cost of
26 training shall not be made until completion of the applicable
27 retention period, as may be modified by the panel on a case-by-case
28 basis.

29 (2) In order to receive an incentive payment provided for under
30 subdivision (b), a trainee is required to complete nine consecutive
31 months of full-time employment. The panel may modify the
32 retention period necessary for receipt of the incentive payment for
33 trainees in the building trades and other occupations where it is
34 not customary for a worker to be employed for a consecutive time
35 period with a single employer. Employers shall be eligible to
36 receive a three-thousand-dollar (\$3,000) incentive payment for
37 each previously unemployed new hire trainee who maintains
38 full-time employment for the applicable retention period.
39 Government entities and nonprofit entities do not qualify for the
40 incentive payments provided under this section.

1 (i) The panel may delegate to the executive director the authority
2 to approve training contracts of up to one hundred thousand dollars
3 (\$100,000), if the contracts meet the requirements of this section
4 and the policies established by the panel, and if the panel regularly
5 reviews the actions taken by the executive director in this regard.

6 (j) The panel may allocate funds for workforce development
7 incentives, other than reimbursement of training and administrative
8 costs, at its discretion, for the purposes of this section.

9 SEC. 5. (a) The Controller shall immediately transfer the sum
10 of thirty-two million dollars (\$32,000,000) from the Unemployment
11 Compensation Disability Fund to the Employment Training Fund
12 as a loan to be used for the purposes of Section 10214.10 of the
13 Unemployment Insurance Code, in accordance with the
14 requirements of Section 3001 of the Unemployment Insurance
15 Code. The Controller shall, no later than September 1, 2010,
16 transfer an additional sum of ninety million dollars (\$90,000,000)
17 as a loan from the Unemployment Compensation Disability Fund
18 to the Employment Training Fund to also be used for the purposes
19 of this section, in accordance with the requirements of Section
20 3001 of the Unemployment Insurance Code.

21 (b) Upon request of the Director of Employment Development,
22 additional funds may be transferred by the Controller from the
23 Unemployment Compensation Disability Fund to the Employment
24 Training Fund as a loan. To initiate subsequent transfers, the
25 director shall submit a valid claim for expenditures to the Controller
26 and the Director of Finance equal to the amount requested to be
27 transferred from the Unemployment Compensation Disability
28 Fund.

29 (c) The total amount of the transfers authorized by this section
30 shall not exceed five hundred million dollars (\$500,000,000). The
31 funds transferred pursuant to this section are loans to the
32 Employment Training Fund and shall be repaid with interest to
33 the Unemployment Compensation Disability Fund within six years
34 after the date of each transfer. Interest payable on loans from the
35 Unemployment Compensation Disability Fund to the Employment
36 Training Fund shall be computed at a rate determined by the Pooled
37 Money Investment Board based on the current earning rate of the
38 fund from which loaned. Repayment to the Unemployment
39 Compensation Disability Fund shall be paid from revenues from

1 contributions from certain employers generated by the repeal of
2 Section 976.8 of the Unemployment Insurance Code.

3 (d) Loans from the Unemployment Compensation Disability
4 Fund shall only be made from surplus funds in the Unemployment
5 Compensation Disability Fund. Loans shall not exceed amounts
6 necessary to ensure that there remains an adequate balance in the
7 Unemployment Compensation Disability Fund to provide disability
8 benefits under Part 2 (commencing with Section 2601) of the
9 Unemployment Insurance Code. The annual contributions rate for
10 the Unemployment Compensation Disability Fund required by
11 Section 976.6 of the Unemployment Insurance Code shall not
12 increase as the result of any loan made to the Employment Training
13 Fund pursuant to this section. In calculating the annual disability
14 insurance tax rate each year, the Employment Development
15 Department shall treat outstanding Unemployment Compensation
16 Disability Fund loans as available cash in the Unemployment
17 Compensation Disability Fund.

18 SEC. 6. (a) The sum of five hundred million dollars
19 (\$500,000,000) is hereby appropriated from the Employment
20 Training Fund to the Employment Training Panel within the
21 Employment Development Department to implement the provisions
22 of Section 10214.10 of the Unemployment Insurance Code.

23 (b) The funds transferred pursuant to this section may be used
24 to fund up to 11 staff positions to administer the California Jobs
25 Initiative Training Program established pursuant to Section
26 10214.10 of the Unemployment Insurance Code, upon the approval
27 of the Department of Finance.

28 SEC. 7. This act is an urgency statute necessary for the
29 immediate preservation of the public peace, health, or safety within
30 the meaning of Article IV of the Constitution and shall go into
31 immediate effect. The facts constituting the necessity are:

32 In order to alleviate hardships caused by high rates of
33 unemployment in this state by providing additional funds for
34 employment training, at the earliest possible time, it is necessary
35 that this act take effect immediately.

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